

# **Miami-Dade County Public Schools' Quality Assurance E-rate Procedures**

**Date:** April 21, 2005

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## Executive Summary

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These E-rate Quality Assurance Procedures were documented by CELT Corporation to address the allegations that Sprint has made against Miami-Dade County Public Schools ("M-DCPS"). These allegations can be found in the January 26, 2004 Sprint "Supplemental Response to Notice of Appeal", and the December 6<sup>th</sup>, 2004, Universal Service Administrative Corporation ("USAC") "Compliance with Schools and Libraries Support Mechanism Rules".

CELT Corporation is an IT architect for education. For over 14 years, we have helped hundreds of Local Education Agencies and over half of the State Education Agencies, to plan, design and fund many technology initiatives. Our E-rate expertise ranges from creating state-wide consortiums, to helping top urban school districts provide comprehensive technology programs to improve education.

Our findings show M-DCPS has continuously maintained state-of-the-law compliance with all Schools and Libraries Division ("SLD") and Federal Communications Commission ("FCC") E-rate rules. Since the Program's inception, M-DCPS has actually participated directly with USAC founders to help develop this program. M-DCPS is proud to mention that some of the first USAC Applicant Forms and procedures were based on their own in-house documents and procedures.

Today, M-DCPS' long-standing team of E-rate experts continue to improve their quality assurance processes as the Program evolves each year. With so much E-rate funding at stake as one of the Nations largest school districts, this team of experts actively attends SLD sponsored seminars to stay abreast of most recent Program guidelines.

CELT has recorded many of these existing quality assurance processes and helped to integrate new ones to specifically address the recent written concerns of USAC. CELT has also added their suggestions based on Best Practices that we have seen through hundreds of applications along with our association with many large E-rate projects throughout the United States.

These existing and new quality assurance procedures are intended to demonstrate that M-DCPS has a program in place to help protect USAC's vested interest in the District's technology initiatives. This in turn should reassure USAC and allow the much needed E-rate funds to flow back into the District to continue to improve education.

This document is structured on four progressive levels.

- 1) The expectations of high-level administrators to help govern the process, where they become involved.
- 2) An application overview currently being practiced to demonstrate the events, which will lead to more specific process detail.
- 3) The specific process detail that is currently being used in the District's Quality Assurance Procedures.
- 4) A correlation of the Sprint Allegations to the District's detailed Quality Assurance Procedures.

## E-rate Overview and Fundamental Guidelines:

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This first section is to provide a program overview for high-level administrators that may not yet intimate with the E-rate Program. An understanding of the fundamental guidelines of the E-rate Program will help these high-level administrators review and evaluate E-rate projects that may need their final approval. This basic understanding is intended to encourage healthy proactive questions that can support sound E-rate decision making.

The E-rate program is a subsidy for schools and libraries to offset the cost of improving technology to needier schools. This need is most commonly calculated from the level of participation in the National School Lunch Program. Discounts range from 20% to 90% with many of Miami-Dade's Schools eligible to receive the highest benefits in the 80% to 90% range for network electronics. M-DCPS qualified for a 78% shared discount on telecommunications and Internet service last year.

1) The E-rate program was meant to close the "Digital Divide" and is prioritized on a basis of need, therefore this program was specifically made to benefit Districts such M-DCPS.

It is important that E-rate funding is always considered in any technology project.

If sound comprehensive practices are in place, there should never be hesitation to find ways to maximize the opportunity for E-rate funding.

2) Broad Criteria for Eligible Services: (\*)

<b>Telecommunications Services, such as phone lines, data lines:</b>	Eligible
<b>Internet Access:</b>	Eligible
<b>Infrastructure serving multiple users, such as cabling and file servers:</b>	Eligible as Internal Connections
<b>End user equipment:</b>	Not eligible
<b>Software:</b>	Not eligible, except core network operating systems and e-mail software
<b>Content:</b>	Not eligible

3) For the basic technology funded through E-rate, there must be a comprehensive, viable program to support it.

This will need a Technology Plan to be in place addressing infrastructure upgrades, staff development and possibly additional PCs, Projectors, etc.

(\*) Per SLD Web site: [http://www.sl.universalservice.org/reference/eligserv\\_framework.asp](http://www.sl.universalservice.org/reference/eligserv_framework.asp)

- 4) The funding for all of these additional considerations should be allocated as a specific budget item before the SLD will reasonably commit their funds to the project.
- 5) E-rate funds were meant to develop *systems* that deliver technology to the classroom. End User Devices are not eligible, such as phone handsets, personal computers and projectors. These end user devices are still necessary to be purchased in order to properly run this technology, but must be covered directly by the School District to provide a complete and effective use of the technology funded with E-rate funds.
- 6) The SLD has a need to protect the public's interest. All equipment procured with E-rate funds must be properly inventoried by the District.
- 7) All E-rate Procurement Procedures require an Open Competitive Bidding Process.

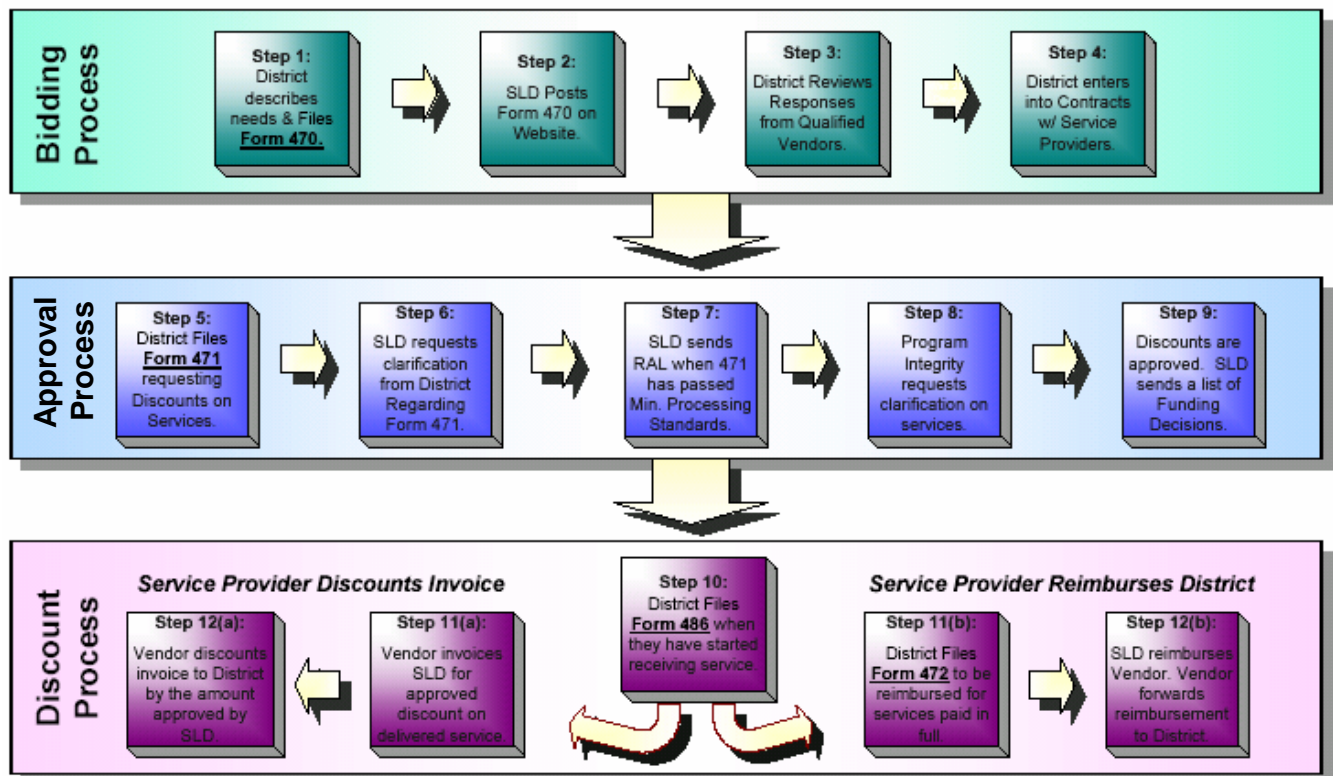
Schools and school districts across the country are struggling to meet the needs of their students while minimizing the tax burden to their constituencies. E-rate can and has subsidized the cost for upgrading the infrastructure within these schools without overburdening the tax payers.

## Application Process

The application process as outlined below are the procedures M-DCPS currently uses which are the common practices followed in order to obtain E-rate Funding for eligible services and equipment. This section is briefly written out to be referred to throughout the document as we continue to develop greater detail into M-DCPS' Quality Assurance Procedures.

### Process Overview

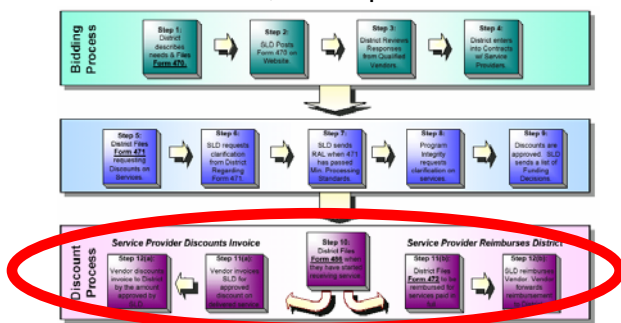
The process is broken into three separate steps. The first step is the Bidding Process, the second step is the Approval Process and the third and final step is that of the Discount Process.



The rest of this write-up will demonstrate those procedures in place that help minimize the risk that the SLD is invoiced and pays for service and equipment that are either ineligible or have not been delivered by the vendor to the District. Therefore, in this document we only focus on those procedures that have been in place and/or are now in place as a result of this report after a funding commitment has been made by the SLD to the Miami – Dade County Public Schools. This process is referred to as the Discount Process.

## Discount Process

Once the approval for the funding has been committed, M-DCPS files an FCC Form 486, "Receipt of Service Confirmation Form", within 120 days of the date of a Funding Commitment Decision Letter or the start of services. This filing notifies the SLD that service has started, or will start, and invoicing will commence. No invoices may be submitted until after the SLD has approved the filing of a FCC Form 486. Both the District and the vendor will be notified of the approval of an FCC Form 486 by the SLD.



M-DCPS, by providing the SLD with National School Lunch Program data, serves to establish the level of discount to be applied to each location. Services and/or equipment will either be discounted by the vendor to the client, with the vendor invoicing the SLD for the discounted portion for equipment and services and invoicing the client the undiscounted portion; or the District will be reimbursed by the SLD through the vendor after M-DCPS pays the vendor in full. The reimbursement process happens through the filing of a FCC Form 472, "Billed Entity Applicant Reimbursement Form", by M-DCPS and the vendor. (When utilizing a FCC Form 472, the vendor certifies that it will reimburse the client within 20 days of receipt of funds from the SLD.)

It is important to note the dates on the Funding Commitment Decision Letter. Most internal connections can be delivered up until September 30<sup>th</sup> of the application year.<sup>1</sup> If an extension is required for this date due to situations outside M-DCPS' or the vendors' control, an extension request can be filed to the SLD. In addition to the extension request, a FCC Form 500, "Adjustment to Funding Commitment and Modification to Receipt of Service Confirmation", usually needs to be filed as well in order to change the contract end date associated with the services and or equipment.

<sup>1</sup> If a FCDL is received after March of the funding year, an automatic extension is granted to internal connections until the following September. However, a form 500 will need to be filed to modify the contract end date.

## Discount Process – E-rate Tracking

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The District from the inception of the E-rate program, has collected all of the data related to the discounts obtained through the E-rate program by utilizing a database for recording all aspects of the program. As well, this database is integral to the District's ability to manage and track all aspects of the E-rate program. This database has been modified yearly to incorporate program changes, thus the categories of data have increased from 22 to 54 during the term of the program. The data elements that are presently collected include:

Year  
Extended  
Location  
Region  
Problem  
Approved/Denied/ Pending  
REQUESTOR  
DESCRIPTION OF SERVICE  
471 APPLICATION NAME  
INTERNAL CONNECTIONS or TELECOMM  
471 Received (Acknowledgement Letter from SLD)  
Tracking #  
VENDOR  
Requested Amount  
% Funded by SLD  
Expected SLD Funding  
Date of FCDL (Funding Commitment Decision Letter)  
SLD Approved Funding  
Projected M-DCPS Cost  
FRN #  
Application #  
Appeal Sent  
Appeal Resolution  
Date 486 Sent  
CIPA (Children's Internet Protection Act)  
Date 500 Sent  
472 (BEAR) Vendor Certification Sent  
472 (BEAR) Sent to SLD  
PO #



Invoice #  
Invoice Amount  
M-DCPS E-rate Cost from Invoice (E-rate Amount Not Covered by SLD)  
M-DCPS Non-E-rate Cost from Invoice (Amount for Non-Eligible Services)  
Project Cost based on Invoices Received  
SLD Funding based on Invoices Received  
Refund Check #  
Refund Check Amount  
Difference between SLD Approved Funding & SLD Funding based on Invoices Received  
Recurring BellSouth Telecomm Billing  
Expected Refund on Recurring BellSouth Services  
BellSouth Recurring Services on Order (Growth)  
Expected Refund on BellSouth Recurring Services on Order (Growth)  
Other Services (SOFIA, Cellular, Pagers, Long Distance)  
Expected Other Services Refund  
M-DCPS Check #  
Contract #  
Allowable Contract Date  
Contract Award Date  
Service Start Date  
Contract Expiration Date  
486 DATE DUE TO SLD  
2 IN 5 YEAR RULE - FUNDING RECORD  
Audit  
Comments  
Change #

## **Discount Process – Purchasing & Invoicing**

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A critical process that the Miami-Dade County Public Schools has implemented is the ability to track and manage the procurement of goods and services that are funded through E-rate. This process helps alleviate some of the potential purchasing and invoicing issues such as:

- The vendor invoices the SLD for goods and services not delivered or received by the District.
- The vendor invoices the SLD prior to District confirmation that the goods and services have been delivered.
- The vendor invoices the SLD for goods and services that may be deemed ineligible.

At this time, there is no required SLD procedure that enables the District to be informed that a Service Provider Invoice (SPI) has been sent by a District vendor and subsequently paid by the SLD. The only existing limited control against erroneous Service Provider Invoicing (SPI) has been the initial filing of an FCC Form 486, the “Receipt of Service Confirmation Form”, which states that “the eligible entity ... is planning to receive services.” The inherent problem with this procedure is that a FCC Form 486 is often filed prior to final receipt of the goods or services and the form provides limited information.

### **Complete Invoice Approval Procedure**

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To curtail the probability of erroneous invoicing, the District will implement the following steps by making them a requirement of all new District contracts, and will also seek to incorporate this procedure on existing contracts:

All contractors are required to submit the SPI to the District only once services and/or equipment have been delivered, installed and are operational. The SPI will be a complete invoice of all services and equipment billed to reflect both USAC and the District. This consolidated invoice will have a breakdown of all charges and clearly set forth the appropriate percentage of payments due from USAC and the District respectively in terms of percentage allocation. The SPI will also be required to show a breakdown of all eligible and ineligible equipment being purchased according to the purchase order. In all cases, the SPI shall clearly and separately set forth the charges for USAC payment to the vendor and for District payment to the vendor.

MDCPS' verification will be limited to those goods that have been received, installed and operational with specific verification for all individual pieces of equipment whose value is in excess of the State of Florida inventory control requirements (currently \$1000.00).

If, through the review, the District's E-rate Team finds a discrepancy with the invoices, the Team will highlight those variances and require that the vendor modify and resubmit the SPI.

The vendor is only permitted to invoice the SLD using the District approved SPI when the vendor receives payment, or sign off from the District for its invoiced share.

## SPI Verification Process

In order to verify that the SLD has only processed invoices that the District has approved, the District, to supplement existing SLD practices, will institute the following procedures:

- The District will retain copies of all of the SPIs for each Funding Request Number ("FRN") that have been submitted by the vendor and subsequently approved by the District for submission to the SLD.
- The District will track and update it's data to reflect the amount disbursed by the SLD as shown on it's website for each FRN.

A variance report will be created if what has been paid does not match what should have been paid by the SLD. This data is collected by utilizing the following steps:

Step 1:

Go to the Following URL:

<http://www.sl.universalservice.org/funding/opendatasearch/Search1.asp>

The following Page will appear.

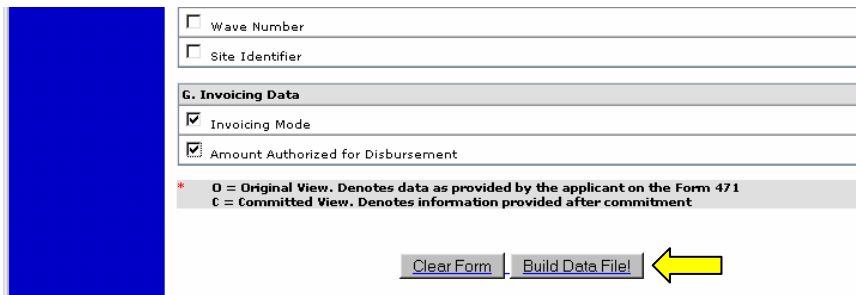
Enter the appropriate data, and select data points.

The screenshot shows a web form for SPI verification. At the top, there are dropdown menus for 'Funding Year' (set to 2004) and 'State' (set to FL), with yellow arrows pointing to them. Below these are two columns of checkboxes for 'FRN Service Type' (Telecom, Internet Access, Internal Connections) and 'Type of 471 Application' (School, School District, Library, Consortium), each with a 'Check All' link. To the right of the form are three vertical panels: 'Navigation' with links like 'List', 'Changes & Corrections', 'Suspensions & Debarments', and 'Site Visits'; 'SITE SEARCH' with a search box and 'go' button; and 'CONTACT INFO' with links like 'Submit a Question', 'Contact Us', and 'Whistleblower Hotline'. Below the checkboxes is an 'Optional Criteria' section with fields for 'Billed Entity Number' (127722), '471 Application Number', 'FRN', 'Wave Number' (with a '(3 Characters)' note), 'Discount Percent', 'Total Amount Requested (post discount)', 'Total Amount Committed by SLD', and 'Amount Authorized for Disbursement'. At the bottom of this section is a 'SPIN (Go to SPIN Search)' link. At the very bottom of the form are two buttons: 'Clear Form' and '>>Select Data Points', with a yellow arrow pointing to the latter.

## Step 2:

Check both items in G: "Invoicing Data"

Select "Build Data File"



☐ Wave Number

☐ Site Identifier

**G. Invoicing Data**

☒ Invoicing Mode

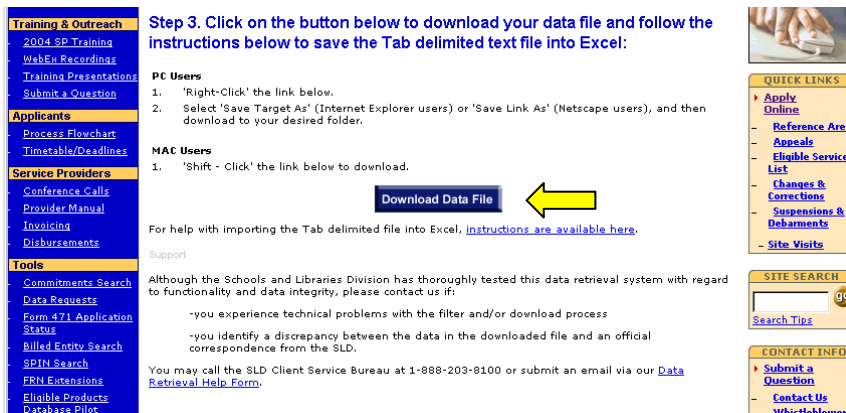
☒ Amount Authorized for Disbursement

\* O = Original View. Denotes data as provided by the applicant on the Form 471  
C = Committed View. Denotes information provided after commitment

Clear Form Build Data File!

## Step 3:

Click Download the Data File.



**Training & Outreach**

- 2004 SP Training
- WebEx Recordings
- Training Presentations
- Submit a Question

**Applicants**

- Process Flowchart
- Timetable/Deadlines

**Service Providers**

- Conference Calls
- Provider Manual
- Invoicing
- Disbursements

**Tools**

- Commitments Search
- Data Requests
- Form 471 Application Status
- Billed Entry Search
- SPIN Search
- PRN Extensions
- Eligible Products Database Dile

**Step 3. Click on the button below to download your data file and follow the instructions below to save the Tab delimited text file into Excel:**

**PC Users**

- 'Right-Click' the link below.
- Select 'Save Target As' (Internet Explorer users) or 'Save Link As' (Netscape users), and then download to your desired folder.

**MAC Users**

- 'Shift - Click' the link below to download.

**Download Data File**

For help with importing the Tab delimited file into Excel, [instructions are available here.](#)

**Support**

Although the Schools and Libraries Division has thoroughly tested this data retrieval system with regard to functionality and data integrity, please contact us if:

- you experience technical problems with the filter and/or download process
- you identify a discrepancy between the data in the downloaded file and an official correspondence from the SLD.

You may call the SLD Client Service Bureau at 1-888-203-8100 or submit an email via our [Data Retrieval Help Form.](#)

**QUICK LINKS**

- Apply Online
- Reference Area
- Appeals
- Eligible Services List
- Changes & Corrections
- Suspensions & Debarments
- Site Visits

**SITE SEARCH**

Search Tips

**CONTACT INFO**


- Submit a Question
- Contact Us
- Whistleblower

Step 4:

Open the file in Excel.

The District verifies that all of the SPIs that have been submitted by the vendor to the SLD equal the amount of SPIs submitted by the vendor to the District.

In the event that the items are not equal, the District begins the process of verification first with the vendor, and then with the SLD.

	A	B	C	D	E
1	471 Applic	FRN	INVOICE_I	AUTH_DISB_AMT	
2	293646	751628	NOT SET		
3	293646	751631	NOT SET		
4	293650	751635	NOT SET		
5	293650	751637	NOT SET		
6	293652	751644	NOT SET		
7	293652	751645	NOT SET		
8	293655	751649	NOT SET		
9	293655	751651	NOT SET		
10	293656	751656	NOT SET		
11	293656	751658	SPI	11516.72	
12	293661	751665	NOT SET		

Any variance report will be sent to SLD to notify them of potential waste, fraud and abuse.

## District Practice

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During the course of the SLD's review of the District's application, many things can and do change with each funding request. First, the SLD may find that some of the equipment or services requested are deemed ineligible. Second, the cost for certain goods or services may be less at the time of the approval versus when the application was submitted. Third, the District may determine that such goods and services may not be immediately required. It is for these reasons, and the subsequent need for the District to be flexible in that purchase orders are not cut until the funding commitment is received by the District.

### STEP 1:

The District receives the Funding Commitment Decision Letter ("FCDL").

### STEP 2a:

If the District finds the FCDL satisfactory and the District determines to go forth with the purchase, the District will confirm current pricing and whether updated technology of the equipment selected has been made available. In the event necessary the District will file service substitution requests with the SLD. Then a purchase order is written to the vendor for the approved amounts. This purchase order information is tracked in the District's E-rate tracking database. In the alternative, if the District, due to changed circumstances, determines not to go forward with the purchase, the District shall file an FCC Form 500 to notify the SLD to cancel the funds.

### STEP 2b:

If the District finds the FCDL to be unacceptably different from their original Item 21 attachment, then the District writes an Appeal Letter to the SLD. This appeal information is also tracked in the District's E-rate tracking database. Once the appeal is reviewed by the SLD, the District begins again at STEP 1 until both the SLD and the District find this project and the funding satisfactory and a purchase order is written to the vendor.

### STEP 3:

The vendor, upon receiving the purchase order, works with District personnel to supply the equipment or services proposed.

### STEP 4:

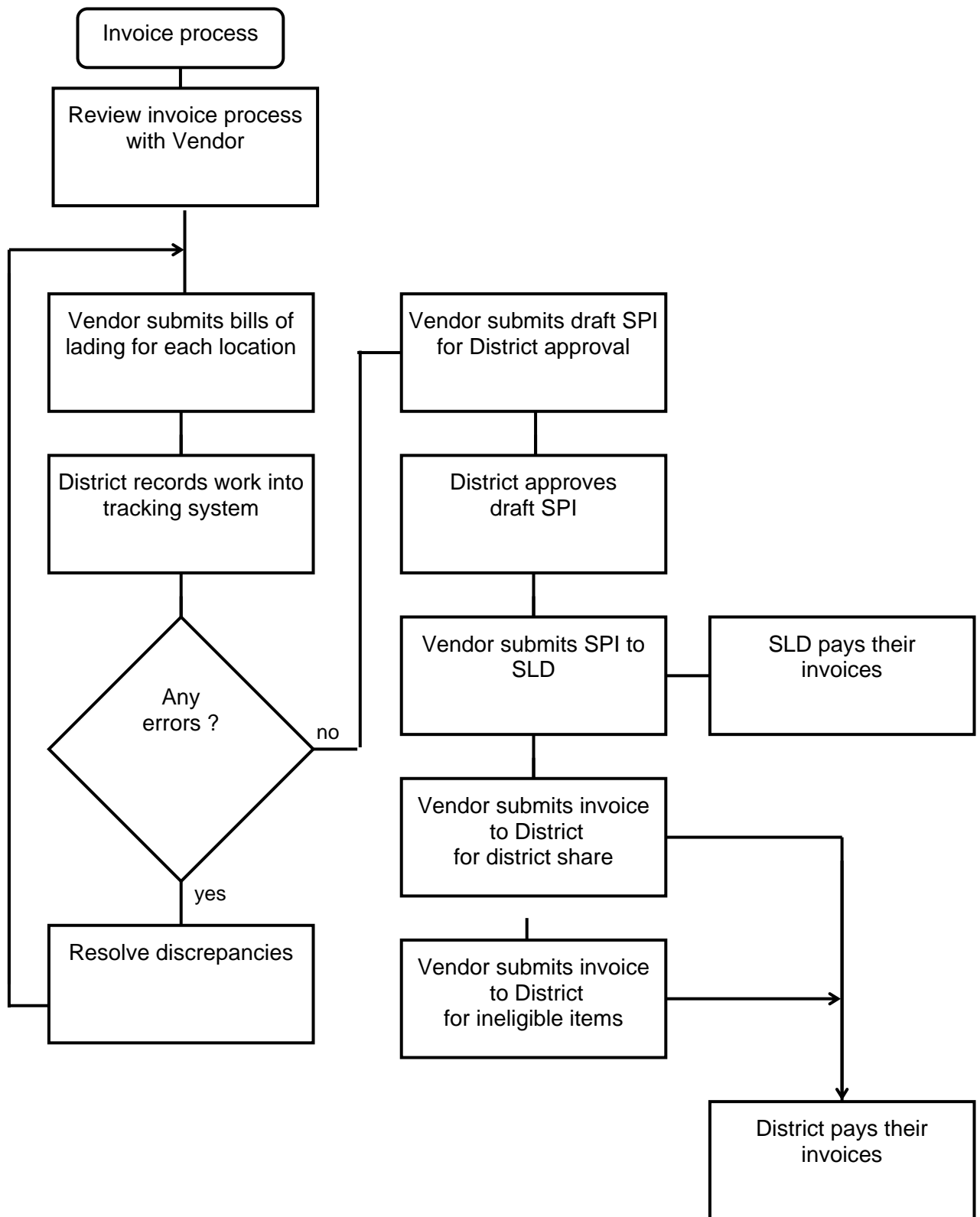
Upon receipt of goods and services, District personnel physically meet with the vendor to record receipt of the services and/or equipment, and to confirm the equipment is operational and consistent with the original FCC Form 471 request. The District will then sign off on project completion.

### STEP 5:

The vendor upon receiving project completion notification submits an itemized invoice with associated costs for District approval. It should be noted, that State Law prevents the vendor from invoicing the District for goods and services that have not been delivered. There are already existing checks and balances in place to assist the District in verification of delivery. However, because some components may be modules within a larger component, the responsibility for invoicing only those items delivered rests with the associated vendor. This invoice process is highlighted in the diagram that follows. Upon approval of the SPI, the vendor will then submit an FCC Form 474.

## Discount Process Overview

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## **Sprint Allegations Aligned with Quality Assurance Procedures**

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The following summarized Sprint allegations can be found in the January 26, 2004 Sprint "Supplemental Response to Notice of Appeal" We have then listed the Quality Assurance Procedures that M-DCPS has in place or recently adopted, **WHICH ASSUMING THESE ALLEGATIONS WERE TRUE**, would likely prevent any reoccurrence of the alleged violations.

### **A) Proper Accounting for Volume Discounts**

Sprint alleges that the price charged to the District takes into account volume discounts, where as Sprint's invoice to USAC does not. M-DCPS' Complete Invoice Approval Process establishes procedures that require E-rate vendors to submit one complete invoice including all services and products billed to both USAC and M-DCPS. Then only after M-DCPS reviews and approves this complete invoice is the E-rate vendor allowed to submit USAC's portion for payment directly to USAC. Had this procedure been followed, the District would have been aware of any variance in what was billed to M-DCPS and what was billed to USAC. Specifically, the volume discount would be disclosed in the SPI submitted to the District.

### **B) Installation of Analog Terminal Adaptors**

Sprint alleges that during the installation, Sprint determined that there was no need for ATAs for certain PBXs, and as such were not installed. Sprint invoiced both the SLD and the District for this equipment. The Complete Invoice Approval Procedure will help avoid this. Specifically, when the equipment is valued in excess of Florida Inventory requirements. In addition, the submission of the SPI to the District would require the vendor to disclose any variances in equipment and price from the original FCC Form 471 request. These procedures will help prevent vendors from invoicing either the District or the SLD for any services and/or equipment that was not delivered.

### **C) Analog Service Modules Returned**

Sprint alleges that 93 Analog Service Modules were returned to Sprint after invoicing had occurred. M-DCPS's existing inventory control accurately reflects all returns.

### **D) Items neither bid nor installed by Sprint**

Sprint alleges that items that were invoiced to the SLD were not bid nor installed by Sprint. The Complete Invoice Approval Procedure will help avoid this instance. The SPI review and approval procedure will help prevent vendors from invoicing either the District or the SLD for any services and/or equipment that was not delivered because the District reviews any SPIs against what was originally required as part of their FCC Form 471.

### **E) Pricing of Items Bid and Installed by Sprint**

Sprint states that they over charged USAC for Key Systems and PRI Enablers by \$90,309.39. The Complete Invoice Approval Procedure, which includes the SPI review and approval, will help avoid this.

### **F) Inclusion of Ineligible Equipment in Sprint Invoicing**

Sprint alleges that items deemed ineligible by the SLD were invoiced by the vendor to the SLD and subsequently paid. District SPI requirements will clearly reflect ineligible equipment purchases. Furthermore, current District practices require that all ineligible



equipment purchases be made with a separate purchase order or with a separate line item.

**G) Pricing of Items Bid and Installed by Sprint**

Sprint alleges that there was a variance between what was invoiced to the SLD and what was invoiced to the District; and that there was a variance between the Sprint invoice to the SLD and what was originally filed in FCC Form 471 by the District. Price reduction is tracked in the E-rate tracking database. The Complete Invoice Approval Procedure, including the SPI Verification, will help avoid this.

**H) Manufacturer's Volume Discount**

Sprint alleges that volume discounts were not passed on to the SLD. In conjunction with the procedure in which the District mandates that all SPI's be submitted to the District for approval prior to submission to the SLD, the new SPI verification process should help present this as this would detail all discounts including any received from equipment manufacturers.

**I) Trade-in Credit for Existing Miami-Dade Equipment**

Sprint alleges that the trade-in credit was not passed on to the SLD. M-DCPS' SPI Verification Process will help identify this.

**J) Exchanges of Eligible Equipment for Ineligible Equipment**

Sprint alleges that the District returned equipment purchased with E-rate funds and applied trade-in credits to procure ineligible equipment such as Voicemail. M-DCPS' Complete Invoice Approval Procedure should help prevent this instance, as this process would detail all equipment purchase funding sources such as a trade-in credit.

**K) Substitution of Services Cartridge**

Sprint alleges that equipment substitutions were provided by Sprint. SLD now has an official procedure for service substitution which will be filed by the District.

**L) Discrepancies between Sprint Bids, Miami Dade's FCC Form 471 Attachments and Sprint Installations**

Sprint alleges that there was a variance between what was applied for by the District and what was delivered and invoiced by Sprint. The SPI review and the service substitution process would potentially pick up any deviations.

## Summary

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The Quality Assurance Procedures that have been in place, or recently adopted, will further ensure Miami-Dade County Public Schools E-rate Program Compliance. Although, these procedures do not prevent all situations in which a service provider may erroneously invoice for services or equipment not delivered, the District has drastically reduced the likelihood of such an occurrence.

These procedures and tasks, many of which have existed since the onset of the E-rate Program, although not mandated by the E-rate Program, have been put in place as a good faith effort to demonstrate to the SLD the commitment Miami-Dade County Public Schools has continually made to support and maintain the integrity of the E-rate program.